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Moldova, Republic of

Oilseeds and Products

Oilseeds Market Update

2000

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Report Highlights:

In MY2000/2001, Moldova had record low production of soybeans at 11,800 MT and an increase in sunflower production estimated at 300,000 MT. AgSofia estimates import needs for soybean meal at 9,000 MT. Moldova is expected to be a net exporter of sunflower-seed in MY2000/01, as exports are estimated to reach 80,000 MT.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report

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Supply

Weather

Moldova, similar to neighboring countries in the region, suffered from a serious drought during the spring and summer months of CY2000. Dry weather, coupled with high temperatures and lack of irrigation for field crops resulted in lower yields and deteriorated quality. The only exception was July weather when heavy rains and flooding were above average. Unfavorable weather has negatively affected soybean production by reducing yields and quality. In contrast, sunflower seed production was more resistant and farmers reported good yields and relatively good quality.

Production

Sunflower is considered to be a profitable commercial crop in Moldova. It has consistent planting areas (10 percent of total crop area) and is the third most produced crop after wheat (26 percent of total area) and corn (20 percent of total area). Due to favorable climate conditions, sunflower is considered to be a less risky crop - it requires less use of farm machinery and other inputs. A majority of the sunflower hybrids are either local, Russian, or Ukrainian origin. While production is spread out all over the country, the best production regions are in the North. In recent years, the sunflower yields have dropped due to land privatization and economic difficulties in farming. However, high demand among domestic and export markets stimulated an increase in the area planted. The sunflower area planted has increased from an average of 120,000 HA in the beginning of 1990s to over 200,000 HA in recent years, and production increased to 250,000 MT - 300,000 MT.

Most farms produce small lots of sunflower, below 100 MT, and "large" farms produce between 200-300 MT. Similar to other crops, sunflower yields have declined over the last several years, due to the lack of proper input use and small land plots, which limit crop rotation and lead to depleted soil nutrients and increased diseases. Recently, higher demand for exports, have stimulated better farming practices and increasing the demand for elite planting seeds.

Farm-gate prices are relatively high and stable with a range of \$122-124/MT in 1998 and 1999, and about \$120-130/MT in 2000.

Soybeans grown in Moldova are of good quality, as local conditions are favorable for soybean production. However, Moldova does not have enough technical inputs for efficient operations due to lack of capital. In 2000, production is estimated to be 1,900 MT or 14 percent than in 1999 (13,700 MT). Between 1996-1998, local production was about 4,000 MT to 6,000 MT. Similar to sunflower, local varieties grown are of Russian origin and are not meeting farmers expectations in terms of good yields and resistance to diseases.

Oilseeds Production in Moldova in MY99/00 and MY00/01				
	MY99/00		MY00/01	
Cereals	Crop Area, HA	Production MT	Crop Area, HA	Production MT
Sunflower	217,000	286,000	222,000	300,000
Soybeans	17,000	13,700	11,800	11,800

Note: The GOM reports sunflower production to be 316,600 MT which AgSofia considers to be inflated for MY00/01. Some unofficial sources have estimated sunflower crop at approximately 265,000 MT for the same period.

Demand and Trade

Sunflower

European and Near East countries make good export markets for Moldovan sunflower seed.. Average Moldovan sunflower-seed exports were about 80,000 MT in the last 5-6 years. Reportedly, some domestic sunflower-seed exports to Ukrainian traders sometimes appear on international markets and sold as "Ukrainian origin". Domestic sunflower seed remaining in-country is processed by local crushers. Due to a high demand in domestic and export markets, sunflower is considered an important "cash" crop to grow in Moldova.

Sunflower is primarily processed to make cooking oil, while sunflower meal is considered as a secondary product. AgSofia estimates Moldova's annual consumption of sunflower for processing into vegetable oil 90,000 MT. Moldova has three major crushers with an estimated annual crushing capacity of 290,000 MT. However, only one is working at full capacity for domestic and export production. This facility controls a market share of about 90 percent of the total sunflower-seed processed in Moldova. Crushers buy directly from the largest local producers and through purchasing agents who collect sunflower seeds from smaller producers.

Annual production of sunflower oil is estimated between 35,000 MT - 37,000 MT. Sunflower oil represents about 99 percent of overall vegetable oil consumption in Moldova. A small portion consists of soybean oil and other types of oil which are not typical but are imported mainly through humanitarian assistance programs for needy groups. Local consumers prefer darker, yellow oil which is quite different from the consumer preferences in Romania but very similar to consumer preferences in Former Soviet Union countries. Refined and bleached vegetable oil can be found only in supermarkets, in large cities, and are destined for a small percentage of wealthy, more Western oriented buyers.

Higher quality sunflower oil is exported to neighboring countries (Romania and CIS countries) and Western Europe, while lower quality is marketed locally. The major reason for this pattern is the low effective demand and lower prices of locally marketed oil. Most of exported oil is crude in bulk (estimated at 80 percent of total sunflower oil exports) and the remaining exports are bottled oil. At the same time, Moldova is importing lower quality sunflower oil from Romania, Ukraine and other countries in the region. The current average domestic wholesale price of sunflower oil is approximately \$105/MT.

Local sunflower meal production is estimated at 5,000 MT which is entirely used domestically. Primarily used by small farmers, the meal tends to be of low quality, and is rarely used by livestock operations. The current wholesale price of sunflower meal is \$100-115/MT including VAT which is about half of the price of soybean meal (\$200/MT). This difference in price is the reason why livestock farmers use more sunflower meal than soybean meal.

Soybeans

Most soybeans processed by crushers are for the production of soybean meal, as soybean oil is a secondary product that is usually exported to the Ukraine and Romania. Soybeans produced on farms are often used by farmers for feed (they press the soybeans via primitive crushing machines).

Local production of soybean meal does not meet local consumption needs which are estimated to be between 10,000 MT-12,000 MT. According to trade sources, locally produced soybean meal only meets 10-15 percent of the demand. The remaining required quantity is imported from Argentina and neighboring countries. Current prices of domestic soybean meal are at \$200/MT. Local consumers are familiar with quality of US soybean meal and soybeans. Major users of soybean meal include the poultry industry (7,000 MT-8,000 MT) followed by pork industry (2,000 MT-3,000 MT). The country produces both broilers and eggs which are marketed locally. Broiler production is limited by low efficiency and inexpensive imports of US chicken leg quarters which are about \$0.25/kilo less expensive (retail price, at average) compared to local cuts (US chicken leg quarters are usually imported through Russia and Ukraine).

A small portion of soybeans (not more than 1000 MT) are used for processing into food products. The local company ProSoy has several pieces of equipment for making soy milk used in soy dairy and soy meat products. According to those processors, the use of soy food is very limited due to local lack of familiarity with these products. An additional obstacle for marketing of these products is a complete lack of pasteurizing and packaging equipment which will allow longer than 24 hours shelf life for these products.

US opportunities

Moldova is a net importer of soybean meal. Local industry is familiar with the prime quality of U.S. HiPro meal. However, the size of the market and lack of efficient and profitable livestock industry do not open any significant commercial opportunities unless imports are done through humanitarian

assistance programs. The existence of several private and well established crushing operations make opportunities for imports of U.S. soybeans possible for regional shipping (i.e., to be combined with Romanian market imports). The same is valid for imports of soybean meal. Currently there are no opportunities for imports of sunflower seeds and related products in Moldova.